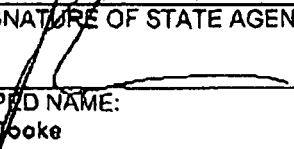



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED  
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION		1. TRANSMITTAL NUMBER:  03-22	2. STATE:  TEXAS
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE: October 1, 2003	
5. TYPE OF PLAN MATERIAL (Circle One):  <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 8 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 440.40		7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2004 \$ (\$10,559,509) b. FFY 2005 \$ (\$10,747,404)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  SEE ATTACHMENT		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  SEE ATTACHMENT	
10. SUBJECT OF AMENDMENT:  This amendment modifies the nursing facility (NF) reimbursement methodology related to supplemental payment for non-state government-owned or operated nursing facilities.  A new page 9 is added to Attachment 4.19-D, Reimbursement Methodology for Nursing Facilities.			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED      Sent to Governor's Office this date. Comments, if any, will <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL      be forwarded upon receipt.			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO:  Jason Cooke State Medicaid/CHIP Director Post Office Box 13247 Austin, Texas 78711	
13. TYPED NAME: Jason Cooke			
14. TITLE: State Medicaid/CHIP Director			
15. DATE SUBMITTED: October 23, 2003			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: MAY 17 2004	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: OCT 1 - 2003		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Charlene Brown		22. TITLE: Deputy Director, CMSA	
23. REMARKS:			

## IX. Supplemental payments to qualifying non-state government-owned or operated nursing homes.

- (a) The aggregate supplemental payment for non-state government-owned or operated nursing homes shall be calculated as follows:
- (1) The aggregate upper payment limit for non-state government-owned or operated nursing homes will be calculated based on Medicare payment principles and in accordance with the federal upper payment limit rules at 42 CFR Part 447. An average Medicare rate is determined for each facility using applicable RUGs frequency distributions and the Medicare payment rates in effect for the payment period.
  - (2) The aggregate Medicaid payment for non-state government-owned or operated nursing homes prior to the supplemental payment will be the sum of the following components calculated for all non-state government-owned or operated nursing homes from data derived from the most recent complete fiscal year paid claims:
    - (A) The sum of the products of the Medicaid days of service by case mix group multiplied by the final case mix rates for each facility in effect for the payment period; and
    - (B) Medicaid payments for pharmacy services, specialized services, and emergency dental services not included in the Medicaid nursing facility rate in effect for the payment period. The pharmacy adjustment is based on Texas specific pharmacy payment and rebate data. The portion of the estimated nursing facility pharmacy payments related to the non-state government owned or operated nursing facilities is based on the ratio of the total Medicaid days for the non-state government owned or operated nursing facilities to total Medicaid days for all nursing facilities. The adjustment for emergency dental and specialized services uses aggregated payment data to determine the average amount spend by Texas Medicaid for these services per nursing facility unit of service.
  - (3) The aggregate supplemental amount will be determined by calculating the difference between the aggregate upper payment limit from paragraph (1) of this subsection and the aggregate Medicaid payment prior to supplementation from paragraph (2) of this subsection.
- (b) Effective October 1, 2003, the TDHS will make supplemental Medicaid payments to non-state government-owned or operated nursing facilities which are contracted to provide days of care to Medicaid recipients when the payment is calculated. The supplemental payments will be made no more frequently than quarterly and will not be made prior to the delivery of services.
- (c) The supplemental payment for each qualifying non-state government-owned or operated nursing facility from subsection (b) of this section will be determined by dividing that facility's most recently available reliable Medicaid units of service by the most recently available reliable total Medicaid units of service for all facilities identified by subsection (b) of this section and multiplying the resulting percentage by the aggregate supplemental amount from subsection (a) of this section.